

in connectivity sometimes delays the transactions. However, remedial action is taken immediately to restore connectivity so that customers are not inconvenienced.

(d) Since all the branches are designated in consonance with the present business norms, SBI does not have any proposal for upgradation of any of the aforesaid branches.

(e) to (g) SBI carried out inspections in the branches at ADB, Kaimgunj and Sadhwara in District Farrukhabad and in branches at Gursahai Ganj and Kannauj City in District Kannauj during the current year. The deficiencies observed during the inspections are in the process of rectification.

Customer service in these branches was found to be good. The basic facilities are available at the branches. They have, however, been advised to extend excellent customer service and ensure that the grievances of customers, if any, are redressed promptly.

Security Net for FIIs In participatory Notes

2935. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Security Net is likely to cover Foreign Institutional Investors (FIIs) in Participatory Notes;

(b) if so, the details thereof; and

(c) the impact of such a decision when taken on investments?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Foreign Institutional Investors (FIIs) are registered with Securities and Exchange Board of India (SEBI) under the SEBI (FII) Regulations, 1995. For the purpose of the grant of certificate the Board takes into account matters such as the applicant's track record, financial soundness, whether the applicant is regulated by an appropriate foreign regulatory authority, whether the applicant has been granted permission by the Reserve Bank of India for making investments in India as a Foreign Institutional Investor etc.

In order to monitor the investment through participatory notes (PNs), SEBI, *vide* circular dated October 31, 2001, advised FIIs to submit information regarding issuance of derivative instruments by them, on a

monthly basis. The current reporting requirement imposed on FIs issuing PNs captures the notional value of the underlying Indian securities on which PNs have been issued. The format also reveals the names of the investors and their jurisdictions.

Merger of Banks

2936. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to merge 19 Public Sector Banks to form 6-7 big banks of the size of SBI;

(b) if so, the details thereof;

(c) whether such a decision will lead to retrenchment of staff; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) Committee on Financial System (Narasimham Committee I) had, *inter-alia*, recommended a broad pattern of the structure of the banking system consisting of 3 or 4 large banks (including the State Bank of India) with international character and 8 to 10 national banks with a network of branches throughout the country engaged in 'universal' banking. The Government has advised the banks that before considering any merger proposal, the Unions (of Banks) may be suitably sensitised on the need and advantages of consolidation and their apprehensions may be allayed. Further, while supporting any merger proposal, Government will ensure that the interests of the stakeholders and employees of merging banks are adequately protected. However, the Government is of the view that such a proposal needs to emanate from the concerned banks, themselves.

Vacant posts in Income Tax Department

†2937. SHRI AJAY MAROO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a large number of posts under various categories are vacant in Income Tax Department;

†Original notice of the question was received in Hindi.